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CAMPBELL CHIBOUGAMAU MINES LTD.

NO PERSONAL LIABILITY

annual report

FOR THE YEAR ENDED JUNE 30 1967

The Directors of . . .

CAMPBELL CHIBOUGAMAU MINES LTD.

are pleased to present this . . . their Annual Report to the Shareholders for the year ended June 30th, 1967.

Annual Meeting
October 25th, 1967
Montreal, Quebec

CAMPBELL CHIBOUGAMAU MINES LTD.

(No Personal Liability)

DIRECTORS	FRANK H. BLAIR, New York, N.Y. JACK N. BLINKOFF, New York, N.Y. EVERETT CALLENDER, New York, N.Y. CHARLES W. CLARK, Toronto, Ont. ROLAND D. CRANDALL, New York, N.Y. WALTER M. MARTIN, Q.C., Toronto, Ont. CHARLES L. McALPINE, Toronto, Ont. JOHN G. PORTEOUS, Q.C., Montreal, Que. ROBERT M. REININGER, New York, N.Y.
OFFICERS	CHARLES W. CLARK, President & Chief Executive Officer JACK N. BLINKOFF, Chairman of the Board JOHN G. PORTEOUS, Q.C. Vice-President & General Counsel CHARLES L. McALPINE, Vice-President & Secretary ALEX SAMSON, Treasurer & Asst. Secretary ROBERT R. TOPP, Asst. Treasurer
GENERAL MANAGER — MINES	K. C. WILSON, Chibougamau, Que.
CONSULTING GEOLOGIST	S. E. MALOUF, Toronto, Ont.
REGISTRAR AND TRANSFER AGENT	MONTREAL TRUST COMPANY, Toronto, Ont.
TRANSFER AGENT	THE TRUST COMPANY OF NEW JERSEY, Jersey City, N.J.
AUDITORS	ARTHUR YOUNG, CLARKSON, GORDON & CO., Toronto, Ont.
EXECUTIVE OFFICE	55 Yonge Street, Toronto, Ont.
HEAD OFFICE AND MINE OFFICE	Chibougamau, Que.

DIRECTORS' REPORT

Your Directors take pleasure in presenting the Annual Report of your Company for the fiscal year ended June 30, 1967 — a year in which record ore production, combined with a substantial increase in the average price received for copper, resulted in larger net profits, providing funds for the necessary continuation of the Company's accelerated development programme.

FINANCIAL REVIEW

Elsewhere in this report are included the audited balance sheet, statements of income and retained earnings and source and application of funds, for the fiscal year.

The following tabulation gives a comparison with the previous fiscal year:

	1967	1966	% Increase
Metal Sales (copper and precious metals)	$17,305,133	$13,802,959	25%
Average copper price per lb.	49.9585¢	41.4019¢	21%
Operating profit before interest, write-offs and mining duties	$ 6,713,515	$ 4,678,240	43%
Per share	$1.51	$1.06	43%
Net profit for the year	$ 3,955,667	$ 2,690,324	47%
Per share	89.2¢	60.7¢	47%

Metal sales were the highest in the Company's history for the second consecutive year. A record average copper price, coupled with a larger number of pounds of copper sold, produced a 25% increase in metal sales revenue over the previous fiscal year. This was partially offset by higher labour costs resulting from contractual collective labour agreement increases and a special 5% wage increase granted to hourly employees early in 1967. Smelting and refining charges were also greater in the year reflecting higher labour contract settlements made by Noranda Mines Limited. In addition, net profits were affected by larger preproduction and deferred development write-offs and charges for plant and equipment depreciation.

Preproduction and deferred development expenditures, written off at $1.20 per ton milled in 1966, have been written off at $2.00 per ton

this year. This is due to a change in the basis of amortization as described in the notes to the financial statements and results from the expectation of increased costs to be incurred in the full development of present and anticipated reserves. This rate is considered adequate to amortize all development costs over planned production.

A comparative statement of the source and application of funds is included in this report. The need for readying the ore reserves for production is paramount. Your Directors believe that the grade of copper ore mined and the costs involved necessitate a large tonnage of ore being made available for milling in order to sustain profitability.

No provision has been made for taxes under the Income Tax Act (Canada), in the light of accumulated depreciation allowances available to the Company.

OPERATIONS

Tonnage milled was higher again in 1967 at 980,536 tons and was the largest in the history of the Company. At the same time the Company has maintained ore reserves during the year. In addition, sufficient development and drilling was completed to advance approximately 2 million tons from probable to proven reserves. Footage of lateral development and diamond drilling was more than double that of the previous year.

The increase in proven reserves occurred largely at the Henderson Mine where the No. 2 Shaft, some 4,200 feet east of the No. 1 Shaft, was completed to a depth of 2,371 feet. This shaft is serviced by a new 185-foot headframe with a friction hoist that was readied for full service in August, 1967. Reserves were also maintained at Cedar Bay where shaft sinking was completed during the year to a depth of 2,401 feet.

Efforts are being made continuously to reduce costs. Areas under study include transportation, improvement in milling recoveries, improved mining practice and smelting. It is anticipated that productivity per man-shift will be improved by a return to mechanized mining at the Henderson Mine in the area under development between the 1025-foot and 525-foot levels. Open-pit mining has been started on a Chibougamau property under lease from Grandroy Mines Limited. Much has been learned about the practicability of this approach applied to Chibougamau ores and a search is being made for other similar occurrences.

HENDERSON

Production from the Henderson Mine amounted to 410,402 tons grading 2.31% copper and .043 ounces in gold, an increase in grade from the 2.13% of 1966. This ore source represented 41.9% of the total ore feed in 1967 with only 3.4% from the No. 2 Shaft which is now readied for full scale production.

Development during the year was largely concentrated on the four new levels at the No. 2 Shaft. There was no exploration diamond drilling beyond the outlines of the probable ore. Drilling was largely directed to advancing reserves from the probable to proven category. The Henderson Mine continues to

play an increasingly important part in the Company's operation.

CEDAR BAY

Production from Cedar Bay totalled 210,179 tons grading 1.57% copper and 0.050 ounces in gold, a decrease from 1.69% in the previous year. Ore scheduling during the past year was of necessity below average reserve grade with 40% of the total tonnage from low grade open stopes. Reserves during the current year were maintained by exploring a series of occurrences as far as 1,000 feet in the hanging wall of the Main Zone. The shaft was completed during the year and all reserves are available for mining. An improvement in mill grade from Cedar Bay is anticipated and if the new lateral occurrences have a vertical range similar to that of the Main Zone, a long life can be anticipated for the Cedar Bay operation.

ORIGINAL MINE

Production from the Original Mine (sometimes called Main Mine), including the winze, totalled 287,815 tons of 1.30% copper and .026 ounces in gold, down from 1.38% copper in the previous year. Available reserves in the winze, servicing the 1950 to 3750 levels, became insufficient to support an economical rate of extraction. Production from this source has been suspended and a complete review of the exploration possibilities of the Original Mine is in course.

Some moderate ore findings in the Original Mine have been made but the ore reserves are down for the year. New ore reserves that could be of major interest have been outlined on the south boundary of the property along a major shear zone 1,200 feet in the hanging wall of the Main Zone. A series of other shear zones warranting detailed exploration have been encountered. One of these, within the Doré Lake Fault on the 550 level, has been opened up by preliminary drilling with encouraging copper and silver values over mineable widths.

KOKKO CREEK

Kokko Creek produced 9,751 tons grading 1.80% copper and 0.010 ounces in gold. Ore reserves are negligible.

GRANDROY MINES LIMITED

An Agreement has been concluded with Grandroy Mines Limited whereby the Company is carrying on an open-pit operation some thirteen miles from the Company's mill on a 50% net profit basis. The mining operation is handled by a contractor with a minimum of capital expenditure. The pit, producing ore at the rate of 600 to 700 tons per calendar day, is scheduled to be fully extracted before the end of the current fiscal year. An Induced Polarization survey in the pit area has outlined a series of anomalies. These will be explored and assessed with the ore values outlined in drilling below the pit.

EXPLORATION

Exploration activities external to the mine areas have included the drilling of a soda granite porphyry mass off the northeast corner of Portage Island. The work was prompted by Induced Polarization anomalies in a similar environment to that being developed in the Company's open-pit operation on the property of Grandroy Mines Limited. Results thus far are inconclusive but follow-up work is warranted

in the opinion of the Company's Consulting Geologist.

A review has been made of the T-9, S-3 area on Chibougamau Lake where the Company obtained a series of excellent ore intersections in the winter drilling of the two previous years. Recommendations have been made for additional drilling and underground development by the Company's Consulting Geologist.

IRON ORE PROJECT

Feasibility and marketing studies are continuing in respect of the Company's iron ore holdings. The practicability of processing pellets competitively from the Company's Magnetite Bay deposits as a one-third blend in a conventional blast furnace has been demonstrated in a plant-run despite its 1% titanium oxide content. Current research includes test work in Germany on prereduced pellets from this deposit with a view to competing in the electric furnace market.

Additional drilling is planned on the Company's Albanel Lake deposit where a major concentration of titanium-free iron ore has been indicated. The completion of an all-weather gravel highway to Albanel Lake by the Quebec Government has improved the logistics of this deposit and marketing research is continuing.

GENERAL

The Company is further interested in outside exploration through the activities of Chibougamau Mining & Smelting Co. Inc., in which it holds an interest. Programmes have included joint exploration with Canadian Nickel Company Limited on a copper prospect to the north of Mistassini Lake. The Company continues to hold a 50% interest with Chibougamau Mining & Smelting Co. Inc. in a copper property in the Sonora Valley in Mexico.

Again during the past year, the Company has been able to finance its heavy development programme out of increased revenues, due to the strong copper market, and retain in short-term investments the major portion of the proceeds of its 1964 bond issue.

The acquisition of an interest in the Grandroy operation has provided a substantial source of ore. It should be pointed out that while the Grandroy ore tended to lower the overall grade of ore milled, the average mill-head grade was higher than in the preceding year and should continue to rise as the Henderson Mine contributes an increasing portion of overall production.

Your Directors are pleased to express their sincere thanks to the Management, Staff and Employees, for their determined effort and loyal services throughout the year.

On behalf of the Board of Directors,

CHARLES W. CLARK,
President.

September 25, 1967.

CAMPBELL CHIBOUGAMAU MINES LTD.

(No Personal Liability)

REPORT OF CONSULTING GEOLOGIST

ORE RESERVES:

The following summary of ore reserves is presented as of June 30, 1967 (with comparative figures for the previous year).

		JUNE 30, 1967			JUNE 30, 1966		
		Tons	% Cu	Au Oz/Ton	Tons	% Cu	Au Oz/Ton
Proven:	Henderson	3,828,971	2.07	.043	1,793,293	2.45	.061
	Cedar Bay	519,032	2.75	.106	532,512	2.50	.073
	Main Mine 'A'	131,429	2.01	.035	249,298	2.06	.030
	Main Mine 'B'	123,349	1.55	.037	281,181	1.74	.028
	Main Mine Total	254,778	1.79	.036	530,479	1.89	.029
	Kokko Creek	12,242	3.07	.014	9,975	2.24	.010
	Grandroy Open-Pit	144,414	1.27	.021	—	—	—
	Total Proven	4,759,437	2.11	.049	2,866,259	2.35	.057
Probable:	Henderson	4,038,628	2.19	.058	5,906,858	2.22	.055
	Cedar Bay	151,105	2.26	.104	133,647	2.68	.061
	Main Mine 'A'	86,140	1.73	.020	27,510	2.30	.031
	Main Mine 'B'	205,500	1.27	.012	116,072	1.72	.068
	Main Mine Total	291,640	1.41	.014	143,582	1.83	.061
	Kokko Creek	—	—	—	1,008	3.37	.028
	**Grandroy	—	—	—	—	—	—
	Total Probable	4,481,373	2.14	.057	6,185,095	2.22	.055
* **Total Proven and Probable**		9,240,810	2.12	.053	9,051,354	2.26	.056

Not included in the reserves are 719,687 tons of known ore, grading 2.53% copper, .087 ounces in gold, contained in surface pillars at the Henderson Mine, as the amount extractable is difficult to estimate at this time.

* The ore reserve tabulation is based on a 1% copper equivalent cut-off for the Main Mine and Kokko Creek Mine and 1.5% for Cedar Bay and Henderson Mines with moderate exceptions where detailed drilling above existing workings warrants the 1% cut-off.

**Exploration currently directed to ore analyses below open-pit.

Submitted by,

S. E. MALOUF,
Consulting Geologist.

September 25, 1967.

CAMPBELL CHIBOU

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BALANCE SHEE

(stated in Canadian dollars with

ASSETS

		1967	1966
Current assets:			
Cash		$ 101,963	$ 27,563
Short-term deposits at cost which approximates market value		5,229,117	4,622,425
Accounts receivable —			
Metal settlements	$ 1,319,494		
Other	470,746	1,790,240	1,875,017
Concentrates at smelter and in transit, valued on the basis of production cost (estimated realizable value $4,233,000 in 1967; $5,034,000 in 1966)		2,960,910	2,875,148
Mine and mill stores, at the lower of cost or replacement cost		922,399	881,330
Prepaid expenses		105,945	111,983
Total current assets		11,110,574	10,393,466
Investment in associated companies, at cost (note 1)		1,403,117	1,390,335
Property, plant and equipment, at cost:			
Mine buildings, mill and staff dwellings	5,370,450		5,212,929
Machinery, equipment and office furniture	7,558,374		6,848,947
Lots and housing	1,186,779		1,186,779
	14,115,603		13,248,655
Less accumulated depreciation	6,891,556		6,211,871
	7,224,047		7,036,784
Mining properties (note 2)	5,344,006		5,344,006
		12,568,053	12,380,790
Deferred expenses:			
Stope preparation costs, less amounts written off (note 3)	1,041,884		1,029,123
Preproduction and deferred development expenses, less amounts written off (note 4)	16,074,887		13,588,000
Prospecting and exploration on outside properties, at cost less amounts written off in respect of abandoned properties	737,216		547,556
Unamortized portion of bond issue expense	100,613		116,693
		17,954,600	15,281,372
		$43,036,344	$39,445,963

See accompanying no

AUDITO

To the Shareholders of
Campbell Chibougamau Mines Ltd. (No Personal Liability):

We have examined the balance sheet of Campbell Chibougamau Mines Ltd. (No Perso
and application of funds for the year then ended and have obtained all the information and
auditing standards and accordingly included such tests of accounting records and such other auc

In our opinion, and according to the best of our information and the explanation
are properly drawn up so as to exhibit a true and correct view of the state of the affairs of
its funds for the year then ended, in conformity with generally accepted accounting principles
agree, in the method of computing the rate of amortization of preproduction and deferred de

Toronto, Canada,
September 25, 1967.

AMAU MINES LTD.

Liability)

c Mining Companies' Act)

JUNE 30, 1967

arative figures at June 30, 1966)

LIABILITIES

		1967	1966
Current liabilities:			
Accounts payable and accrued liabilities		$ 1,953,313	$ 2,267,440
Long-term debt instalments due within one year		53,728	51,264
Total current liabilities		2,007,041	2,318,704
Long-term debt:			
6% First Mortgage Bonds due October 1, 1973 — Authorized and issued $6,500,000 U.S. (current Canadian dollar equivalent $7,020,000) (note 5)		6,989,219	6,989,219
4¾% secured housing loans repayable by instalments over periods of 3 to 5 years	$ 218,433		
Less instalments due within one year	53,728	164,705	223,203
		7,153,924	7,212,422
Shareholders' equity:			
Capital stock —			
Common shares of $1 par value Authorized — 5,000,000 shares	$ 5,000,000		
Issued and outstanding — 4,433,017 shares (4,431,517 shares in 1966) (note 6)		4,433,017	4,431,517
Premium on shares (net)		8,322,230	8,318,855
		12,755,247	12,750,372
Retained earnings (note 5)		21,120,132	17,164,465
		33,875,379	29,914,837
		$43,036,344	$39,445,963

On behalf of the Board:

C. W. CLARK, Director.

JOHN G. PORTEOUS, Director.

o financial statements.

REPORT

ability) as at June 30, 1967 and the statements of income and retained earnings and source
nations we have required. Our examination was made in accordance with generally accepted
procedures as we considered necessary in the circumstances.

n to us and as shown by the books of the Company, the aforementioned financial statements
ompany at June 30, 1967 and the results of its operations and the source and application of
ed on a basis consistent with that of the preceding year except for the change, with which we
nent expenses as described in note 4 to the financial statements.

ARTHUR YOUNG, CLARKSON, GORDON & CO.,
Chartered Accountants.

CAMPBELL CHIBOUGAMAU MINES LTD.

(No Personal Liability)

STATEMENT OF INCOME AND RETAINED EARNINGS

For the Year Ended June 30, 1967

(stated in Canadian dollars with comparative figures for 1966)

		1967	1966
Income:			
Metal sales		$17,305,133	$13,802,959
Operating expenses:			
Inventory of metals, beginning of year	$ 2,875,148		2,441,009
Mining and milling	7,962,948		7,112,793
Freight, smelting and refining	2,511,055		2,230,810
General administration	203,377		215,255
	13,552,528		11,999,867
Less inventory of metals, end of year	2,960,910		2,875,148
		10,591,618	9,124,719
Operating profit before interest, write-offs and mining duties		6,713,515	4,678,240
Deduct:			
Interest expense (net of interest earned), including interest on long-term debt of $433,237 in 1967; ($433,745 in 1966)	79,218		145,888
Provision for depreciation (note 8)	727,102		685,747
Preproduction and deferred development expenses written off (note 4)	1,961,072		1,156,886
Loss on disposal of fixed assets	1,812		24,605
Amortization of bond issue expenses	16,080		16,080
Provision (adjustment) for mining duties	(27,436)		77,000
Exploration expenditure written off	—		27,629
		2,757,848	2,133,835
Less profit on sale of marketable securities		—	145,919
		2,757,848	1,987,916
Net profit for the year (note 9)		3,955,667	2,690,324
Retained earnings at beginning of year		17,164,465	14,474,141
Retained earnings at end of year		$21,120,132	$17,164,465

See accompanying notes to financial statements.

CAMPBELL CHIBOUGAMAU MINES LTD.

(No Personal Liability)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the Year Ended June 30, 1967

(stated in Canadian dollars with comparative figures for 1966)

	1967	1966
Funds provided:		
Operating results —		
Net profit for the year	$3,955,667	$2,690,324
Add charges against operations which in themselves did not require a cash outlay during the year:		
Stope preparation costs written off	1,222,524	1,315,804
Depreciation	727,102	685,747
Preproduction and deferred development expenses written off	1,961,072	1,156,886
Loss on disposal of fixed assets	1,812	24,605
Amortization of bond issue expenses	16,080	16,080
Exploration expenditure written off	—	27,629
Total funds provided from operations	7,884,257	5,917,075
Issue of 1,500 common shares	4,875	—
Sale of mining claims	—	25,000
	7,889,132	5,942,075
Funds applied:		
Preproduction and deferred development expenses	4,447,959	2,791,488
Additions to property, plant and equipment (net)	916,178	1,468,661
Stope preparation	1,235,284	1,185,613
Prospecting and outside exploration	189,660	394,613
Repayment of housing loans	58,498	55,816
Increased investment in associated companies	12,782	37,583
	6,860,361	5,933,774
Excess of funds provided over funds applied	1,028,771	8,301
Working capital at beginning of year	8,074,762	8,066,461
Working capital at end of year	$9,103,533	$8,074,762

CAMPBELL CHIBOUGAMAU MINES LTD.

(No Personal Liability)

NOTES TO FINANCIAL STATEMENTS

June 30, 1967

1. Investment in associated companies

The investment in associated companies is comprised of the following:

(a) Chibougamau Mining & Smelting Co. Inc. (No Personal Liability) —

	1967	1966
Number of shares	802,083	802,083
Cost	$ 996,505	$ 996,505
Equity based on audited financial statements as at June 30	$ 359,000	$ 355,100
Market value based on bid price as at June 30	$ 368,900	$ 425,100

These shares are listed on the Toronto Stock Exchange. The equity referred to above is represented mainly by marketable securities, mining claims and deferred expenses at cost less amounts written off, which does not necessarily represent the present value of these assets. Chibougamau Mining & Smelting Co. Inc. also has a royalty interest in certain undeveloped mining claims. The claims, in which the company has a direct or royalty interest, are located for the most part in the Chibougamau area of Quebec.

(b) Cia Minera Trans Rio S.A. de C.V.—

37,500 shares and advances —

Cost:	1967	1966
Shares	$ 65,000	$ 65,000
Advances	341,612	328,830
	$ 406,612	$ 393,830
Equity based on unaudited financial statements (including advances)	$ 406,612	$ 393,830
Market value	Unlisted	

Cia Minera Trans Rio S.A. de C.V. is a company possessing ore reserves in Mexico and has been inactive since 1957. One-half of its standby expenses are being paid by the Company and are included above as advances pending the results of steps being taken to comply with Mexican law. Under Mexican law, in order to obtain certain government concessions, it is required that all companies must be 51% owned by Mexican nationals, or 51% of the shares must be deposited available for sale in a Mexican bank.

2. Mining properties

As in previous years, no provision has been made against operating income for depletion of mining properties which are recorded at cost.

3. Stope preparation costs, less amounts written off

As stope preparation costs are considered by the Company to be properly allocable against tonnages of ore in related ore bodies, the Company follows the practice of deferring such costs and writing them off to mining and milling expenses as the ore is extracted. $1,222,524 was written off during the year ended June 30, 1967 ($1,315,804 in the 1966 year) and included with mining and milling expenses.

4. Preproduction and deferred development expenses, less amounts written off

Preproduction and deferred development expenses have been written off at the rate of $2.00 per ton milled during the year ended June 30, 1967 ($1.20 per ton in the 1966 year). The method of computing the rate per ton was changed during the year to a basis of dividing the total of present and estimated future reserves into the total of present unamortized development expense plus the anticipated costs of completing development of present and estimated future reserves. The previous method divided proven and probable reserves plus some additional future reserves into the balance of unamortized development cost at the beginning of the year. Had the previous method been used a rate of $1.40 per ton would have resulted and the 1967 profit would have been $588,000 higher.

5. Funded debt

The First Mortgage Bonds are entitled to an annual sinking fund of $1,000,000 (U.S.) by September 15 in each of the years 1968 to 1971 inclusive and $1,250,000 (U.S.) in the years 1972 and 1973, as well as an additional amount in each such year based on the excess of cash flow, as defined, over amounts varying from $3,100,000 to $3,900,000.

The trust deed providing for the issue of the Company's bonds contains two restrictions regarding the amount that may be paid as dividends. At June 30, 1967, retained earnings in the amount of $2,603,000 were free from limitations under the more stringent of these conditions.

6. Capital stock

During the year, 1,500 common shares were issued for a cash consideration of $4,875 under stock options made available to certain employees. No options are currently outstanding.

7. Contingent liabilities

The Company is the Defendant in two actions taken in the Superior Court for the district of Roberval, Quebec, by Merrill Island Mining Corporation Limited, in which Merrill claims:

(1) $1,571,683 plus interest from June 30, 1961, and costs, which amount is in addition to the share of profits for the years ended June 30, 1960 already paid to Merrill under the terms of the 1952 Emphyteutic Lease.

Of this amount claimed, the Company admitted that $63,911 was owing to Merrill, of which $60,102 has been paid and the balance of $3,809 is reflected in the balance sheet of the Company at June 30, 1967. The Company disputes the balance of the claim and, in the opinion of its Counsel, such claim is unfounded in fact and in law.

(2) $1,353,950 plus interest and costs, being Merrill's alleged share of the profits for the four years ended June 30, 1964 under the terms of the same lease. The Company disputes this claim and, in the opinion of its Counsel, such claim is unfounded in fact and in law.

8. Depreciation

Depreciation in respect of all major items of buildings and equipment has been calculated at the rate of 6% on the depreciated cost at June 30, 1958 and on the cost of subsequent additions.

9. Income taxes

No income taxes are currently payable on the net profit for the year because preproduction and deferred development expenses and depreciation allowances, in excess of amounts charged against income, can be claimed for tax purposes during the year. To June 30, 1966, accumulated amounts claimed in total for tax purposes did not exceed the comparable amounts charged against income in the Company's accounts; this position was reversed during the 1967 year. The income taxes deferred as a result and not recorded as a charge against 1967 earnings in the Company's accounts are estimated at $1,370,000.

CAMPBELL CHIBOUGAMAU MINES LTD.

(No Personal Liability)

GENERAL MANAGER — MINES' REPORT

The following is a report of the operations of Campbell Chibougamau Mines Ltd. (N.P.L.) for the fiscal year ended June 30th 1967.

MILLING

Ore processed by the Mill during the year attained a new high of 980,536 tons: mill-heads of 1.77% copper were higher than in the previous year.

The following statistical data are reconciled to smelter returns:

	1966-67	1965-66
Tonnage Milled	980,536	964,072
Tons of Concentrate shipped	74,890.53	70,535.79
Copper shipped — lbs.	32,821,476	31,836,865
Gold shipped — ozs.	29,350.85	29,509.95
Silver shipped — ozs.	194,242.39	198,572.95
Milling Rate — Average Tons/Month	81,711	80,339

	Copper %	Gold Ozs. per Ton	Silver Ozs. per Ton
Mill Heads	1.77	0.037	0.266
Concentrate	21.91	0.413	2.69
Recovery — percent	94.43	81.30	76.25

MINING

The sources of the ore milled, its tenor and the quantity of metal sold, is recorded by Divisions, in the following tables:

PRODUCTION SOURCES

	Tons Milled		Percentage		Grade: Copper		Grade: Gold	
	1966-67	1965-66	1966-67	1965-66	1966-67	1965-66	1966-67	1965-66
Main Mine:								
Main Shaft	216,900	192,064	22.1	19.9	1.26	1.18	0.026	0.019
Winze	70,915	145,791	7.2	15.1	1.43	1.65	0.024	0.029
Sub-Total	287,815	337,855	29.3	35.0	1.30	1.38	0.026	0.023
Kokko Creek	9,751	17,869	1.0	1.9	1.80	0.97	0.010	0.006
Cedar Bay	210,179	228,155	21.4	23.7	1.57	1.69	0.050	0.045
Henderson:								
Shaft No. 1	377,138	380,193	38.5	39.4	2.41	2.13	0.044	0.046
Shaft No. 2	33,264	—	3.4	0.0	1.23	—	0.033	—
Sub-Total	410,402	380,193	41.9	39.4	2.31	2.13	0.043	0.046
Grandroy	62,389	—	6.4	0.0	1.05	—	0.011	—
TOTAL	980,536	964,072	100.0	100.0	1.77	1.75	0.037	0.037

COMPARATIVE SOURCES OF MINE PRODUCTION (in Percent)

	Main Mine Main Shaft		Main Mine Winze		Kokko Creek		Cedar Bay		Henderson No. 1 & 2		Grandroy	
	66-67	65-66	66-67	65-66	66-67	65-66	66-67	65-66	66-67	65-66	66-67	65-66
Development ..	1.7	3.9	5.1	1.2	0.0	0.6	7.2	4.1	12.2	7.7	0.0	—
Horizontal cut and fill stopes	26.3	11.0	94.9	98.8	0.0	0.0	13.3	13.9	85.6	79.0	0.0	—
Mechanized cut and fill stopes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.8	13.1	0.0	—
Shrinkage	27.2	4.7	0.0	0.0	0.0	0.0	39.6	46.7	1.4	0.2	0.0	—
Pillar	1.7	6.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	—
Sub-Level	43.1	74.1	0.0	0.0	100.0	99.4	39.9	35.3	0.0	0.0	0.0	—
Open-Pit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0	—
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	—

RETURNABLE PRODUCTION PERCENTAGES

Division	Copper — Lbs.	%	Gold — Ozs.	%	Silver — Ozs.	%
Main Mine "A"	2,750,564	8.8	2,413.738	8.8	15,495.22	13.0
Main Mine "B"	4,014,069	12.8	3,218.351	11.7	36,627.21	30.7
Kokko Creek	317,114	1.0	77.951	0.3	5,507.27	4.6
Cedar Bay	5,962,818	19.0	7,968.660	29.0	25,866.89	21.7
Henderson No. 1 & 2	17,094,797	54.6	13,298.541	48.3	35,331,26	29.6
Grandroy	1,184,306	3.8	528.084	1.9	524.02	0.4
TOTAL	31,323,668	100.0	27,505.325	100.0	119,351.87	100.0

MAIN MINE DIVISION

Production from the Main Shaft zones increased slightly in both tons and grade; however, this was offset by a similar decrease in Winze output. During the latter part of the year, the Winze operation became uneconomical and it was suspended pending the undertaking of further exploration work.

KOKKO CREEK DIVISION

The ore-body is worked on a salvage basis during the summer months only; it still continues to produce minor amounts of ore on a day-to-day basis.

CEDAR BAY DIVISION

Shaft deepening was completed at a depth of 2,401 feet and, at the year-end, lateral development was in progress on the new 1400, 1575 and 1750 foot levels, where the downward extension of ore zones has been confirmed. Other lateral work is in progress in the upper areas of the mine where additional ore is being located.

Production from Cedar Bay decreased; however, it is anticipated that this trend will be reversed by the provision of ore from the new levels, and the results of the lateral development programme on the upper levels.

GENERAL MANAGER—MINES' REPORT continued

HENDERSON DIVISION

Metal production from the Henderson was greater because of increases in both tonnage and grade.

The No. 2 Shaft reached a depth of 2,348 feet by year-end, and shortly afterwards it was completed at 2,371 feet. In conjunction with the sinking, 18,622 feet of lateral work was completed — with favourable results — on the four new levels that will develop the ore between the 525 and 1025 foot horizons. When ancillary services are completed in the lower section of the shaft, additional levels will be prepared for production.

GRANDROY DIVISION

In January 1967, the Company entered into an Agreement with Grandroy Mines Limited, whereby Campbell would mine an estimated 200,000 tons of ore by open-pit methods on a profit-sharing basis. This work is being done under contract and the ore is being hauled thirteen miles by truck to the Company's concentrator. By the year-end 62,389 tons had been processed with an average grade of 1.05 per cent copper, and 0.01 ounces in gold, per ton. It is anticipated that the operation will continue until early spring.

GENERAL

The Henderson's efficiency decreased by 0.2 tons per man-shift because of the cessation of mechanized cut-and-fill stoping; otherwise, there was a slight increase. The overall efficiency of all Divisions decreased by 1.5 tons per man-shift largely because of the reduction in production from high-productivity sub-level stopes at the Main Mine.

The average number of employees rose to 787; however, with the heavy construction programme nearing completion, reductions have been made, and more are anticipated.

Further statistical data are provided in the following tables:

UNDERGROUND DEVELOPMENT (Feet)

	Main Mine			Henderson	
	Main Shaft	Winze	Cedar Bay	No. 1	No. 2
Ventilation Raises	—	—	—	—	597.9
Ore and Waste Pass Raises	—	—	2,513.1	—	1,545.0
Drifts and Cross-cuts	1,853.5	1,074.6	13,202.9	5,915.1	19,363.0
Raises	348.3	—	—	109.0	143.1
Stations, Switchroom	—	—	46.0	—	56.9
Pump Rooms	—	—	—	—	126.3
Sumps	—	—	—	—	743.8
Loading and Spill Pockets	—	—	359.0	—	119.6
Miscellaneous	—	—	—	76.5	—
TOTAL LATERAL DEVELOPMENT	2,201.8	1,074.6	16,121.0	6,100.6	22,695.6
Shaft Sinking	—	—	385.0	—	725.2
Stations (in Shaft Equiv.)	—	—	163.3	—	343.6

DIAMOND DRILLING FOOTAGE

	Main Mine & Winze 66-67	Main Mine & Winze 65-66	Cedar Bay 66-67	Cedar Bay 65-66	Henderson 66-67	Henderson 65-66	Grandroy 66-67	Total 66-67	Total 65-66
Underground									
Ore Outline ...	22,141	8,207	31,497	23,634	82,347	31,613	——	135,985	63,454
Grouting Etc. ..	160	——	1,153	808	1,439	1,087	——	2,752	1,895
Exploration	31,756	20,543	34,703	6,413	——	8,462	——	66,459	35,418
Sub-Total	54,057	28,750	67,353	30,855	83,786	41,162	——	205,196	100,767
Surface									
Ore Outline ...	——	——	——	——	——	——	4,615	4,615	——
Exploration	——	——	——	2,740	——	3,926	——	——	6,666
Sub-Total	——	——	——	2,740	——	3,926	4,615	4,615	6,666
	54,057	28,750	67,353	33,595	83,786	45,088	4,615	209,811	107,433
Outside Exploration									
Magnetite Bay								5,722	34,127
Group S								——	9,025
Group T								1,288	6,379
Group K								3,828	——
Albanel								3,074	——
TOTAL								223,723	156,964

OPERATING EFFICIENCIES — TONS BROKEN PER MAN-SHIFT

Stope Preparation and Stoping	Main Mine Main Shaft 66-67	Main Mine Main Shaft 65-66	Main Mine Winze 66-67	Main Mine Winze 65-66	Cedar Bay 66-67	Cedar Bay 65-66	Henderson 66-67	Henderson 65-66
Horizontal Cut and Fill Stoping	11.7	8.7	10.7	10.1	4.9	5.7	12.4	12.4
Mechanized Cut and Fill Stoping ..	—	—	—	—	—	—	—	18.9
Shrinkage Stoping	10.2	13.2	—	—	9.9	10.6	7.3	6.1
Pillar Stoping	—	14.0	—	—	—	—	—	—
Sub-Level Stoping*	15.6	33.4**	—	—	16.6	16.7	—	—
Average	11.7	21.2**	10.7	10.1	9.2	10.9	12.3	12.5

STOPING EFFICIENCY
ALL DIVISIONS 1966-67 11.3 Tons broken per Man-Shift*

* Long Hole drilling by Contractor not included.

** In Fiscal Year 1965-66, Sub-Level Stope Preparation was done by Contractor.

SUMMARY OF CAPITAL EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 1967

MAIN MINE DIVISION

Deferred Development	$ 317,282	
New Construction	34,139	
Surface Equipment	16,754	
Underground Equipment	5,100	
TOTAL		$ 373,275

GENERAL MANAGER—MINES' REPORT continued

CEDAR BAY DIVISION

Deferred Development	$1,667,615	
New Construction	18,145	
Surface Equipment	3,748	
Underground Equipment	15,168	
TOTAL		$1,704,676

HENDERSON DIVISION

Deferred Development	2,463,062	
New Construction	105,237	
Surface Equipment	289,154	
Underground Equipment	381,405	
TOTAL		3,238,858
TOTAL		$5,316,809

APPRECIATION

I wish to acknowledge with appreciation the support and guidance of the Executive Office, and the able and loyal assistance of the Operating Staff throughout the year.

Respectfully submitted,

K. C. WILSON,
General Manager — Mines

August 28th, 1967.

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